

Message Text

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63

ACTION ARA-17

INFO OCT-01 ADP-00 INT-08 SCEM-02 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15

STR-08 CEA-02 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 8213

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E. O. 11652: N/A

TAGS: EMIN, CO

SUBJECT: JOINT VENTURE COAL AND NICKEL PROJECTS

REF: BOGOTA A-81 APRIL 9, 1973

BOGOTA 4974

1. GOC ISSUED PRESS STATEMENTS ON JUNE 27 TO CLARIFY STATUS OF EL CERREJON COAL PROJECT (PEABODY COAL) AND CERRO MATOSO NICKEL PROJECT (HANNA- CHEVRON). BOTH STATEMENT WERE CLEARLY DESIGNED TO DEFUSE RECENT PUBLIC CRITICISM ALLEGING EXCESSIVE DELAYS IN THE PROJECTS AND OVERLY GENEROUS TERMS FOR THE FOREIGN INVESTORS.

2. THE STATEMENT ON EL CERREJON WAS SIGNED BY MINISTERS OF DEVELOPMENT AND MINES, DIRECTOR OF NATIONAL PLANNING AND HEAD OF INDUSTRIAL DEVELOPMENT INSTITUTE (IFI). IT REVIEWED THE ENTIRE HISTORY OF THEPROJECT AND EXPLAINED THE PROCESS THROUGH WHICH PEABODY WAS FOUND TO OFFER THE BEST TERMS FOR DEVELOPMENT OF

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DEPOSITS. KEY POINT WAS THAT CONTROVERSIAL " MEMORANDUM OF UNDERSTANDING" WAS ONLY DRAWN UP TO FACILITATE INITIAL INVESTMENT OF \$300,000 BY PEABODY AND WILL HAVE NO EFFECT ON NEGOTIATION OF CONTRACT FOR FINAL STAGES OF OPERATION. IMPLICIT THEME THROUGHOUT STATEMENT IS THAT GOC SATISFIED WITH PROGRESS THUS FAR AND WITH ITS RELATIONS WITH PEABODY.

3. SINCE THE EL CERREJON STORY BROKE INTO THE PRESS AT THE TIME FO THE VISIT OF PEABODY OFFICIALS THERE HAVE BEEN NUMEROUS STORIES AND COMMENTARIES ON THE PROJECT, MANY OF THEM SENSATIONALIST IN NATURE. A LEADING COLOMBIAN PERIODICAL CROMOS IN ITS EDITION OF JUNE 25 CONTAINS A LENGTHY REPORT ALLEGING UNFAIR UNEMPLOYMENT PRACTICES AND INHUMANE TREATMENT BY PEABODY TOWARD ITS PRESENT COLOMBIAN EMPLOYEES AT THE TESTING SITE.

4. STATEMENT ON CERRO MATOSO WAS RELEASED BY IFI IN THE NAME OF THE BOARD OF DIRECTORS OF PROJECT.

IN FACT STATEMENT WAS WRITTEN BY HANNA- CHEVRON AND THEN APPROVED BY IFI OFFICIALS. IT CONTAINS NO NEW INFORMATION BUT NOTES THAT PRODUCTION STILL PLANNED FOR 1977 DESPITE FACT THAT INITIAL STAGES HAVE BEEN SOMEWHAT PROLONGED IN ORDER TO " REDUCE RISKS IN INVESTMENT OF SUCH MAGNITUDE". LOCAL HANNA REPRESENTATIVE HAS INFORMED EMBASSY THAT NATIONAL PLANNING DEPARTMENT IS STILL STUDYING COMPANY' S REQUEST FOR SPECIAL TREATMENT ON EXCHANGE CONTROLS TO PERMIT REPATRIATION OF CAPITAL WITHOUT REDUCING PROFIT REMITTANCES. HE ALSO INDICATED THAT DESPITE RECENT COMMENT TO AMBASSADOR BY MINISTER OF MINES THAT GOC EXPECTS TO BE ABLE TO MEET SOME OF HANNA' S PROBLEMS, NO SUCH INDICATION HAS BEEN GIVEN THE COMPANY. IN DISCUSSIONS WITH LOCAL REPRESENTATIVE EMBASSY OFFICER RECEIVED IMPRESSION THAT HANNA IS IN NO PARTICULAR HURRY TO REACH FINAL CLARIFICATION.
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